

Message Text

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43

ACTION EB-06

INFO OCT-01 NEA-06 ISO-00 COME-00 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 DODE-00 FEAЕ-00 FPC-01 H-01 INR-05

INT-05 L-01 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-02 SP-02 SS-15 STR-01 TRSE-00 FRB-01 /070 W

----- 118011

R 041105Z NOV 74

FM USINT BAGHDAD

TO SECSTATE WASHDC 1367

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

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KUWAIT PASS DOHA AND MUSCAT

EO 11652: N/A

TAGS: BEXP, EGEN, IZ, US

SUBJECT: AMERICAN ACTIVITY IN BASRA AREA

1. DURING OCTOBER 29 VISIT TO BASRA, ZUBAIR AND RUMAILA OIL FIELD WITH IRAQI DESK OFFICER MAUGHAN WE HAD OPPORTUNITY TO CATCH UP ON STATUS AMERICAN FIRMS IN SOUTH.

2. BECHTEL HAS COMPLETED PIPELINE CONSTRUCTION FOR BPC AND HAS ONLY 6 PEOPLE LEFT COMPLETING MAIN PUMPING STATION FOR RUMAILA EXPANSION. BECHTEL IS, HOWEVER,
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SEEKING FURTHER CONTRACTS WITH GOI IN NUMBER OF AREAS.

BROWN AND ROOT MAINTAINS ONLY SMALL ADMINISTRATIVE OPERATION IN BASRA AND AT NO TIME DURING CONSTRUCTION OF DEEP SEA TERMINAL DO THEY EXPECT TO HAVE PERSONNEL ON SHORE. CONSTRUCTION NOW TAKING PLACE IN U.S. AND BAHRAIN. DURING ASSEMBLY, PERSONNEL WILL OF COURSE BE IN IRAQI TERRITORIAL WATERS. BROWN AND ROOT SUB-CONTRACTORS SUCH AS STANDARD DREDGING HAVE SMALL NUMBER OF PERSONNEL. BROWN AND ROOT ALSO HAS SEPARATE CONTRACT WITH BPC FOR DEGASSING STATION WHICH NEARING COMPLETION. LARGEST AMERICAN PRESENCE IS PRICE INTERNATIONAL WHICH HAS OVER 100 AMERICANS CONSTRUCTING PIPELINE UNDER SUB-CONTRACT TO MANNESMAN (ONSHORE PART OF DEEP SEA TERMINAL PROJECT). PRICE EXPECTS TO BRING IN AN ADDITIONAL 50-75 AMERICANS IN NEAR FUTURE.

3. PRINCIPAL DATE BUYER FOR NABISCO, MICHAEL LERWILL WAS IN TOWN AND TOLD US NABISCO WOULD TAKE ONLY ABOUT 2 MILLION DOLLARS WORTH OF IRAQI DATES THIS YEAR INSTEAD OF USUAL 4 MILLION. TWO MAIN REASONS WERE UNFAVORABLE WEATHER CONDITIONS THAT HAD REDUCED YIELD OF TYPE NABISCO WANTS AND FACT THAT HAD REDUCED YIELD OF TYPE NABISCO WANTS AND FACT THAT LARGE QUANTITIES OF DATES WERE NOT HARVESTED BECAUSE OF LABOR SHORTAGE. HE ATTRIBUTED LABOR SHORTAGE TO FOUR MILITARY CALL UPS DURING PAST YEAR WHICH HAD TAKEN AWAY MAJORITY YOUNG, ILLITERATE IRAQIS WHO DID PICKING. NONE HAD BEEN RELEASED.

4. COMPARISON OF BASRA TODAY WITH TWO YEARS AGO IS SPECTACULAR. INSTEAD OF DRAB, SLEEPY CITY WITH FEW WESTERNERS IN EVIDENCE, FOREIGN COMMUNITY IS TODAY ESTIMATED AT 8,000, HOTEL SPACE IS IMPOSSIBLE TO OBTAIN, TWO-A-DAY 737 FLIGHTS FROM BAGHDAD ARE BOOKED SOLID, AND SIGNS OF NEW ECONOMIC ACTIVITY ARE EVERYWHERE.

LOWRIE

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